

**TOWNSHIP OF SALINE  
WASHTENAW COUNTY, MICHIGAN**

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2004**

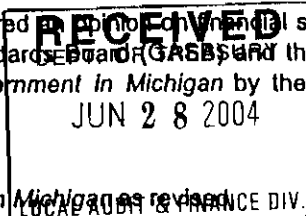
**WITH  
INDEPENDENT AUDITORS' REPORT**

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name SALINE TOWNSHIP	County WASHTENAW
Audit Date MARCH 31, 2004	Opinion Date MAY 13, 2004	Date Accountant Report Submitted to State: JUNE 24, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on the financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.



We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGR).			X

Certified Public Accountant (Firm Name)  
ROBERTSON, EATON & OWEN, P.C.

Street Address  
121 NORTH MAIN STREET

City  
ADRIAN

State  
MI

ZIP  
49221

Accountant Signature

**TOWNSHIP OF SALINE  
WASHTENAW COUNTY, MICHIGAN  
INDEPENDENT AUDITORS' REPORT  
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May 13, 2004

### INDEPENDENT AUDITORS' REPORT

Township of Saline  
Washtenaw County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Saline, Washtenaw County, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Saline, Washtenaw County, Michigan's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly in all material respects, the financial position of the Township of Saline, Washtenaw County, Michigan as of March 31, 2004 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Saline, Washtenaw County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

***Robertson, Eaton & Owen, P.C.***

**TOWNSHIP OF SALINE  
WASHTENAW COUNTY, MICHIGAN**

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP**

**March 31, 2004**

**GOVERNMENTAL FUND TYPE**

<b><u>ASSETS</u></b>	<b><u>General Fund</u></b>
Cash	\$ 54,254
Accounts receivable	4,345
Taxes receivable	7,609
Due from other funds	138,920
General Fixed Assets	<u>          </u>
Total assets	<u>\$ 205,128</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>	
<b>Liabilities:</b>	
Accounts payable	\$ 2,235
Due to other funds	
Performance bond payable	<u>1,000</u>
Total liabilities	<u>3,235</u>
<b>Fund equity:</b>	
Investment in General Fixed Assets	
<b>Fund balances:</b>	
Unreserved:	
Undesignated	<u>201,893</u>
Total fund equity	<u>201,893</u>
Total liabilities and fund equity	<u>\$ 205,128</u>

**FIDUCIARY FUND TYPE****ACCOUNT GROUP**

<b><u>Tax Collection</u></b>	<b><u>General Fixed Assets</u></b>	<b>Totals <u>Memorandum Only</u></b>
\$ 138,920	\$	\$ 193,174
		4,345
		7,609
		138,920
	<u>188,774</u>	<u>188,774</u>
<u>\$ 138,920</u>	<u>\$ 188,774</u>	<u>\$ 532,822</u>
\$	\$	\$ 2,235
138,920		138,920
		<u>1,000</u>
<u>138,920</u>	<u>-</u>	<u>142,155</u>
	188,774	188,774
		<u>201,893</u>
-	<u>188,774</u>	<u>390,667</u>
<u>\$ 138,920</u>	<u>\$ 188,774</u>	<u>\$ 532,822</u>

**TOWNSHIP OF SALINE  
WASHTENAW COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
GENERAL FUND**

**For the Year Ended March 31, 2004**

**Revenues:**

Property taxes – General	\$ 61,397
Property taxes – Fire	59,878
Licenses and permits	17,062
State revenue sharing	90,322
Charges for services	2,996
Interest	4,786
Miscellaneous	1,019
Administrative fees	19,441
Act 425	966
Public inspection	<u>2,587</u>
 Total revenues	 <u>260,454</u>

**Expenditures:**

**General Government**

Township Board	19,980
Supervisor	16,148
Assessor	10,000
Attorney	5,913
Clerk	16,148
Board of Review	1,125
Treasurer	16,148
Building and grounds	3,301
Cemetery	3,676
Insurance	<u>8,764</u>

Total General Government	<u>101,203</u>
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**Public Safety**

Fire protection	75,647
Zoning Inspector	7,000
Planning Commission	3,865
Board of Appeals	1,135
Public inspection	<u>2,587</u>

Total Public Safety	<u>90,234</u>
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**Public Works**

Highways and streets	23,238
Drain at large	5,668
Sanitation	13,066
Recycling	<u>4,660</u>

Total Public Works	<u>46,632</u>
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Total expenditures	<u>238,069</u>
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Excess of revenues over expenditures	22,385
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Fund balance - beginning of year	<u>179,508</u>
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Fund balance - end of year	<u><u>\$ 201,893</u></u>
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**TOWNSHIP OF SALINE  
WASHTENAW COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

**For the Year Ended March 31, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues:</b>			
Property taxes – General	\$ 55,000	\$ 61,397	\$ 6,397
Property taxes – Fire	56,000	59,878	3,878
Licenses and permits	14,960	17,062	2,102
State revenue sharing	85,000	90,322	5,322
Charges for services	2,150	2,996	846
Interest	1,200	4,786	3,586
Miscellaneous	1,500	1,019	(481)
Administrative fees	18,000	19,441	1,441
Aet 425	1,000	966	(34)
Public inspection		2,587	2,587
Recycling revenue	1,000		(1,000)
Cemetery lots	<u>500</u>		<u>(500)</u>
Total revenues	<u>236,310</u>	<u>260,454</u>	<u>24,144</u>
<b>Expenditures:</b>			
<b>General Government</b>			
Township Board	24,025	19,980	(4,045)
Supervisor	16,150	16,148	(2)
Assessor	10,000	10,000	
Attorney	5,000	5,913	913
Clerk	16,150	16,148	(2)
Board of Review	900	1,125	225
Treasurer	16,150	16,148	(2)
Building and grounds	6,500	3,301	(3,199)
Cemetery	5,080	3,676	(1,404)
Insurance	<u>8,000</u>	<u>8,764</u>	<u>764</u>
Total General Government	<u>107,955</u>	<u>101,203</u>	<u>(6,752)</u>
<b>Public Safety</b>			
Fire protection	73,600	75,647	2,047
Zoning Inspector	7,000	7,000	
Planning Commission	7,000	3,865	(3,135)
Board of Appeals	850	1,135	285
Public inspection	<u>2,250</u>	<u>2,587</u>	<u>337</u>
Total Public Safety	<u>90,700</u>	<u>90,234</u>	<u>(466)</u>
<b>Public Works</b>			
Highways and streets	19,355	23,238	3,883
Drain at large	3,200	5,668	2,468
Sanitation	10,600	13,066	2,466
Recycling	<u>4,500</u>	<u>4,660</u>	<u>160</u>
Total Public Works	<u>37,655</u>	<u>46,632</u>	<u>8,977</u>
Total expenditures	<u>236,310</u>	<u>238,069</u>	<u>1,759</u>
Excess of revenues over expenditures		22,385	
Fund balance - beginning of year		<u>179,508</u>	
Fund balance - end of year		<u>\$ 201,893</u>	

The notes to the financial statements are an integral part of this statement.



**TOWNSHIP OF SALINE  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Township of Saline, Washtenaw County, Michigan conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

**A. FUND ACCOUNTING**

The accounts of the Township are organized on the basis of funds and account group. Each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories as follows:

**GOVERNMENTAL FUND**

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

**FIDUCIARY FUND**

The Fiduciary Fund (Tax Collection Fund) is an agency fund used to account for assets that the government holds on behalf of others (including other funds of the Township) as their agent.

**B. FIXED ASSETS AND LIABILITIES**

The accounting and reporting treatment applied to the fixed assets and liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters; streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

**TOWNSHIP OF SALINE  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

**C. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of the collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The Tax Collection Fund is accounted for on the accrual basis.

**D. PROPERTY TAXES**

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when received.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14, with the final collection date of February 28 before they are added to the county tax rolls. The 2003 Township tax millage rate was .9716 mills, and the taxable value was \$63,284,794.

Also, the Township has a special assessment millage of 1. for fire protection based only on the real property taxable value of \$59,939,594.

**TOWNSHIP OF SALINE  
WASHTENAW COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS**

**March 31, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW**

Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**2. TOWNSHIP OF SALINE - REPORTING ENTITY**

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity", the general purpose financial statements contain all the funds and an account group that are controlled by or dependent on the Township.

**3. CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>April 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2004</u>
Land	\$ 1,000	\$	\$	\$ 1,000
Building	30,000			30,000
Furniture, fixtures, and equipment	26,142	1,459		27,601
Fire Department	<u>124,993</u>	<u>5,180</u>	<u>      </u>	<u>130,173</u>
	<u>\$ 182,135</u>	<u>\$ 6,639</u>	<u>\$ -</u>	<u>\$ 188,774</u>

**4. BUDGETS AND BUDGETARY ACCOUNTING**

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amount appropriated.

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

- Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
- The proposed budget includes expenditures as well as the methods of financing them.

**TOWNSHIP OF SALINE  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2004**

**4. BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

- Public hearing is held to obtain taxpayer comments.
- The budget is adopted by a majority vote of the Township Board.
- The budget is adopted on the modified accrual basis of accounting.
- The originally adopted budget can be amended during the year only by a majority vote of the Township Board
- The adopted budget is used as a management control device during the year for all budgetary funds.
- Budget appropriations lapse at the end of each fiscal year.
- The budgeted amounts shown in these general purpose financial statements are the amended budget.

No fund incurred expenditures overall in excess of budget. Ten activities within the General Fund have expenditures that exceeded budget.

**5. INTERFUND RECEIVABLES AND PAYABLES**

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>\$ 138,920</u>	Tax Collection	<u>\$ 138,920</u>

**6. CASH AND INVESTMENTS**

**Deposits**

At year end, the carrying value of the Township's deposits was \$193,174 and bank balances were \$305,555. The bank balances are insured by federal depository insurance up to \$183,208, the excess is uninsured. At certain times of the year, when property taxes are being collected, the amounts of uncollateralized deposits can be substantially higher. All deposits are with banks located in Michigan.

**TOWNSHIP OF SALINE  
WASHTENAW COUNTY, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2004**

**7. RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). the Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Any settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

**TOWNSHIP OF SALINE  
WASHTENAW COUNTY, MICHIGAN**

**TAX COLLECTION FUND**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**For the Year Ended March 31, 2004**

<b><u>ASSETS</u></b>	<b><u>Balance April 1, 2003</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance March 31, 2004</u></b>
Cash and investments	<u>\$ 109,852</u>	<u>\$ 1,936,999</u>	<u>\$ 1,907,931</u>	<u>\$ 138,920</u>
Total assets	<u>\$ 109,852</u>	<u>\$ 1,936,999</u>	<u>\$ 1,907,931</u>	<u>\$ 138,920</u>
 <b><u>LIABILITIES</u></b>				
Due to other funds	<u>\$ 109,852</u>	<u>\$ 113,667</u>	<u>\$ 84,599</u>	<u>\$ 138,920</u>
Due to other governments	<u>                    </u>	<u>1,823,332</u>	<u>1,823,332</u>	<u>                    </u>
Total liabilities	<u>\$ 109,852</u>	<u>\$ 1,936,999</u>	<u>\$ 1,907,931</u>	<u>\$ 138,920</u>

May 13, 2004

Township Board  
Saline Township  
Washtenaw County, Michigan

This letter discusses the upcoming conversion of the Township's financial statements to meet the reporting requirements under Governmental Accounting Standards Board (GASB) Pronouncement 34.

For the year ending March 31, 2006, Saline Township will need to meet the following requirements:

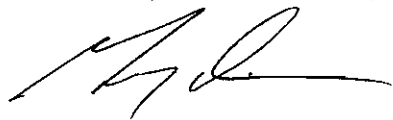
1. On a full accrual financial statement, the Township will report all fixed assets owned by the Township. This would include all land, buildings, equipment, and any other possible assets owned by the Township.  
  
Related depreciation expense will also have to be determined.
2. Any long-term general obligation debt or long-term liabilities would be reported on the full accrual financial statement.
3. The Township will be providing a Management's Discussion and Analysis (MD&A) letter. This letter will discuss the financial figures in the audit report and provide information on future financial activity.

We will work with the Township on the above requirements. The fixed assets, for the most part, can be obtained from general fixed asset records or insurance evaluations. And, we will assist with the preparation of the MD&A letter.

If you have any questions on GASB Statement No. 34 and the financial reporting by the Township on next year's audit report, give me a call.

Sincerely,

ROBERTSON, EATON & OWEN, P.C.



Gary Owen